

**OVERSIGHT BOARD TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON

STAFF REPORT**

DATE: APRIL 28, 2015

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

SUBJECT: RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON ACKNOWLEDGING AND APPROVING THE CLOSING OF TRANSACTIONS CONTEMPLATED BY THE MUTUAL RELEASE OF CLAIMS AND SETTLEMENT AGREEMENT BY AND AMONG THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, COMPTON COMMERCIAL DEVELOPMENT RENAISSANCE PLAZA, LLC, SUCCESSOR IN INTEREST TO COMPTON COMMERCIAL DEVELOPMENT RENAISSANCE PLAZA COMPANY, COMPTON COMMERCIAL DEVELOPMENT COMPANY, COMPTON COMMERCIAL DEVELOPMENT L.L.C., BAKEWELL AND BUNKLEY INVESTMENT COMPANY, LONNIE R. BUNKLEY, DANNY J. BAKEWELL, SR. AND THE CITY OF COMPTON

SUMMARY

Staff respectfully request the Board conduct the public hearing and approve the resolution authorizing the Executive Secretary to acknowledge and approve the closing of transactions contemplated by the mutual release of claims and settlement agreement by and among the former Community Redevelopment Agency and Compton Commercial Development Renaissance Plaza, LLC, and submit such resolution to the California Department of Finance for its review and approval.

BACKGROUND

Assembly Bill (AB) X1 26 and AB 1484 made certain changes to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code), including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) ("Part 1.85"). The City Council of the City of Compton (the "City") made an election to serve as the successor agency for the Community Redevelopment Agency of the City of Compton (the "Former Agency") under Part 1.85 (the "Successor Agency"). The City Council, acting as the governing board for the Successor Agency, established rules and regulations applicable to the governance and operation of the

Successor Agency, and pursuant to such resolution provided that the Successor Agency will be governed by a Board of Directors consisting of the members of the City Council of the City.

STATEMENT OF ISSUE

The Successor Agency, (as successor in interest to the Former Agency by operation of law, is a party to a certain Mutual Release of Claims and Settlement Agreement, dated on or about April 20, 2006 (the "Agreement"), by and among the Former Agency, Compton Commercial Development Renaissance Plaza, LLC, successor in interest to Compton Commercial Development Renaissance Plaza Company, Compton Commercial Development Company, Compton Commercial Development L.L.C., Bakewell and Bunkley Investment Company, Lonnie R. Bunkley, Danny J. Bakewell, Sr. and the City. The Agreement is an enforceable obligation, which is a legally binding and enforceable agreement executed on or prior to June 28, 2011 as required by California Health and Safety Code Sections 34171(d)(1)(E) and 34177.3(a).

Under Section 5.1 of the Agreement, the Successor Agency agreed to convey and/or re-convey all right, title and interest in and to the Renaissance Plaza Shopping Center, the well site, the Northwest Corner (McDonald Site) and the Alondra Shopping Center, to the CCD Parties. Furthermore, under Section 5.2 of the Agreement, the Successor Agency and the CCD Parties have agreed that the Disposition and Development Agreement entered into on April 8, 1988 and related to the Renaissance Plaza property, the Loan Agreement dated May 16, 1985 and related to the Alondra Square property, the Disposition and Development Agreement dated July 31, 1995 and related to the Northwest Corner (McDonald Site), and (with the exception of the vesting of title and ownership in the name of the CCD Parties as appropriate) any other pre-existing agreements related to or purporting to effect the rights of the properties which are the subject of the Agreement, be rescinded effective immediately upon execution of the Agreement.

More specifically, the Successor Agency agreed to: (a) re-convey the Deed of Trust recorded August 20, 1985, as Instrument No. 85-963178 of Official Records; (b) re-convey of the Deed of Trust recorded October 2, 1996, as Instrument No. 96-1619130 of Official Records; (c) cancel the Redevelopment Agreement recorded October 2, 1996, Instrument No. 96-1619128 of Official Records; (d) re-convey the Deed of Trust recorded on May 8, 1990, as Instrument No. 90-847457 of Official Records; (e) cancel the Redevelopment Agreement recorded May 13, 1988, Instrument No. 88-773659 of Official Records; and (f) cancel two Method of Financing Agreements, the first recorded May 19, 1990, as Instrument No. 90-854192 of Official Records, and the second recorded November 19, 1992, as Instrument No. 92-2157772 of Official Records (collectively, the "Agency Actions"), and convey to Compton Commercial Development Renaissance Plaza, LLC that certain property owned by the Successor Agency (hereinafter referenced as the "well site") and described in Exhibit "A" attached hereto (the "Property"); and

Pursuant to the Agreement, and concurrently with the performance of the Agency Actions and conveyance of the Property, the Successor Agency shall receive through escrow \$250,000 and a promissory note in favor of the Successor Agency in the principal amount of \$3,500,000, bearing interest at the rate of 4% per annum, and secured by a deed of trust on that certain property owned in fee by Compton Commercial Development Renaissance Plaza, LLC and described in Exhibit "B" (attached) of the proposed Resolution (collectively, the "Agency Consideration").

The Successor Agency desires to proceed to close the escrow established under the Agreement and thereby take the Agency Actions to convey the Property to Compton Commercial Development Renaissance Plaza, LLC, and accept the Agency Consideration pursuant to the terms of the Agreement.

The close of escrow under the Agreement, the taking of the Agency Actions, the conveyance of the Property to Compton Commercial Development Renaissance Plaza, LLC, and the acceptance of the Agency Consideration is consistent with the requirements of the Successor Agency to wind down the affairs of the Former Agency in accordance with California Health and Safety Code Section 34177(h).

ANALYSIS

In connection with the Agreement, the Board previously adopted its Resolution No. 2014-15 on August 24, 2014, authorizing the Successor Agency to take certain actions, and, by its letter dated December 25, 2014, the California Department of Finance (“DOF”) did not approve Resolution No. 2014-15 and returned it to the Board for reconsideration pursuant to California Health and Safety Code Section 34179(h).

As part of the Board’s reconsideration of Resolution No. 2014-15, the DOF directed that the Board, by subsequent resolution, describe the properties and agreements identified in Resolution No. 2014-15 in the same manner as specifically set forth in the Agreement.

The resolution submitted herewith for review and approval by the Board describes the properties and agreements identified in Resolution No. 2014-15, and constitutes the Board’s reconsideration of Resolution No. 2014-15, all as required by the DOF.

FISCAL IMPACT

The funds received by the Successor Agency upon and after the close of escrow will be used to pay for enforceable obligations of the Successor Agency or otherwise be distributed as required by AB X1 26, as amended by AB 1484.

RECOMMENDATION

That the Board adopt the attached resolution directing the Successor Agency to close escrow and convey the Property to Compton Commercial Development Renaissance Plaza, LLC, and accept the Agency Consideration consistent with the requirements to wind down the affairs of the Former Agency in accordance with California Health and Safety Code Section 34177(h).

DR. KOFI SEFA-BOAKYE
MANAGER

JOHNNY FORD
EXECUTIVE DIRECTOR

RESOLUTION NO. ____

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON ACKNOWLEDGING AND APPROVING THE CLOSING OF TRANSACTIONS CONTEMPLATED BY THE MUTUAL RELEASE OF CLAIMS AND SETTLEMENT AGREEMENT BY AND AMONG THE FORMER COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON, COMPTON COMMERCIAL DEVELOPMENT RENAISSANCE PLAZA, LLC, SUCCESSOR IN INTEREST TO COMPTON COMMERCIAL DEVELOPMENT RENAISSANCE PLAZA COMPANY, COMPTON COMMERCIAL DEVELOPMENT COMPANY, COMPTON COMMERCIAL DEVELOPMENT L.L.C., BAKEWELL AND BUNKLEY INVESTMENT COMPANY, LONNIE R. BUNKLEY, DANNY J. BAKEWELL, SR. AND THE CITY OF COMPTON

WHEREAS, the successor agency to the Community Redevelopment Agency of the City of Compton was formed in accordance with California Health and Safety Code Section 34173 (the "Successor Agency"); and

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency was established pursuant to California Health and Safety Code Section 34179; and

WHEREAS, the Successor Agency must expeditiously wind down the affairs of the former Community Redevelopment Agency of the City of Compton (the "Former Agency") as directed by the Oversight Board in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, the Successor Agency (as successor in interest to the Former Agency by operation of law) is a party to that certain Mutual Release of Claims and Settlement Agreement dated on or about April 20, 2006 (the "Agreement") by and among the Former Agency, and Compton Commercial Development Renaissance Plaza, LLC, successor in interest to Compton Commercial Development Renaissance Plaza Company, Compton Commercial Development Company, Compton Commercial Development L.L.C., Bakewell and Bunkley Investment Company, Lonnie R. Bunkley, Danny J. Bakewell, Sr. (collectively, the "CCD Parties") and the City; and

WHEREAS, the Agreement is an enforceable obligation, which is a legally binding and enforceable agreement executed on or prior to June 28, 2011 as required by California Health and Safety Code Sections 34171(d)(1)(E) and 34177.3(a); and

WHEREAS, under Section 5.1 of the Agreement, the Successor Agency has agreed to convey and/or re-convey all right, title and interest in and to the Renaissance Plaza Shopping Center, the well site, the Northwest Corner (McDonald Site) and the Alondra Shopping Center, to the CCD Parties. Furthermore, under Section 5.2 of the Agreement, the Successor Agency and the CCD Parties have agreed that the Disposition and Development Agreement entered into

on April 8, 1988 and related to the Renaissance Plaza property, the Loan Agreement dated May 16, 1985 and related to the Alondra Square property, the Disposition and Development Agreement dated July 31, 1995 and related to the Northwest Corner (McDonald Site), and (with the exception of the vesting of title and ownership in the name of the CCD Parties as appropriate) any other pre-existing agreements related to or purporting to effect the rights of the properties which are the subject of the Agreement, be rescinded effective immediately upon execution of the Agreement. More specifically, the Successor Agency has agreed to: (a) re-convey the Deed of Trust recorded August 20, 1985, as Instrument No. 85-963178 of Official Records; (b) re-convey of the Deed of Trust recorded October 2, 1996, as Instrument No. 96-1619130 of Official Records; (c) cancel the Redevelopment Agreement recorded October 2, 1996, Instrument No. 96-1619128 of Official Records; (d) re-convey the Deed of Trust recorded on May 8, 1990, as Instrument No. 90-847457 of Official Records; (e) cancel the Redevelopment Agreement recorded May 13, 1988, Instrument No. 88-773659 of Official Records; and (f) cancel two Method of Financing Agreements, the first recorded May 19, 1990, as Instrument No. 90-854192 of Official Records, and the second recorded November 19, 1992, as Instrument No. 92-2157772 of Official Records (collectively, the “Agency Actions”), and convey to Compton Commercial Development Renaissance Plaza, LLC that certain property owned by the Successor Agency (hereinafter referenced as the “well site”) and described in Exhibit “A” attached hereto (the “Property”); and

WHEREAS, under the Agreement, and concurrently with the performance of the Agency Actions and conveyance of the Property, the Successor Agency shall receive through escrow \$250,000 and a promissory note in favor of the Successor Agency in the principal amount of \$3,500,000, bearing interest at the rate of 4% per annum, and secured by a deed of trust on that certain property owned in fee by Compton Commercial Development Renaissance Plaza, LLC and described in Exhibit “B” attached hereto (collectively, the “Agency Consideration”); and

WHEREAS, the Successor Agency desires to proceed to close the escrow established under the Agreement and thereby take the Agency Actions, convey the Property to Compton Commercial Development Renaissance Plaza, LLC, and accept the Agency Consideration; and

WHEREAS, the Successor Agency is required to perform all obligations required under an enforceable obligation pursuant to California Health and Safety Code Section 34177(c); and

WHEREAS, monies received by the Successor Agency upon and after the close of escrow will be distributed as required by AB X1 26, as amended by AB 1484; and

WHEREAS, the Oversight Board has determined that the close of escrow under the Agreement, the taking of the Agency Actions, the conveyance of the Property to Compton Commercial Development Renaissance Plaza, LLC, and the acceptance of the Agency Consideration is consistent with the requirements of the Successor Agency to wind down the affairs of the Former Agency in accordance with California Health and Safety Code Section 34177(h); and

WHEREAS, California Health and Safety Code Section 34179(e) requires the Oversight Board to adopt resolutions for any action taken by the Oversight Board.

WHEREAS, in connection with the Agreement, the Oversight Board previously adopted its Resolution No. 2014-15 on August 20, 2014, authorizing the Successor Agency to take certain actions, and, by its letter dated December 23, 2014, the California Department of Finance did not approve Resolution No. 2014-15 and returned it to the Oversight Board for reconsideration pursuant to California Health and Safety Code Section 34179(h); and

WHEREAS, as part of the Oversight Board's reconsideration of Resolution No. 2014-15, the California Department of Finance directed that the Oversight Board, by subsequent resolution, describe the properties and agreements identified in Resolution No. 2014-15 in the same manner as specifically set forth in the Agreement; and

WHEREAS, the Oversight Board has reconsidered its Resolution No. 2014-15, and pursuant to this Resolution has described the properties and agreements identified in Resolution No. 2014-15 in the same manner as specifically set forth in the Agreement;

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board as follows:

Section 1. Authorization of Successor Agency. The Oversight Board hereby confirms the Agreement, and upon approval or deemed approval of this resolution ("Resolution") by the California Department of Finance as described below, the Oversight Board authorizes and directs the Successor Agency and Executive Director of the Successor Agency, and such other officers of the Successor Agency as may be appropriate: a) pursuant to Section 5.1 of the Agreement, to convey and/or re-convey all right, title and interest in and to the Renaissance Plaza Shopping Center, the Property, Northwest Corner (McDonald Site) and the Alondra Shopping Center, to the CCD Parties; b) pursuant to Section 5.2 of the Agreement, to approve the rescission of the Disposition and Development Agreement entered into on April 8, 1988 and related to the Renaissance Plaza property, the Loan Agreement dated May 16, 1985 and related to the Alondra Square property, the Disposition and Development Agreement dated July 31, 1995 and related to the Northwest Corner (McDonald Site), and (with the exception of the vesting of title and ownership in the name of the CCD Parties as appropriate) any other pre-existing agreements related to or purporting to effect the rights of the properties which are the subject of the Agreement; and c) in furtherance of such action describe in a) and b) of this Section 1, take all such further actions as may be required to close the escrow, take the Agency Actions, convey the Property to Compton Commercial Development Renaissance Plaza, LLC, and, pursuant to Sections 5.4 and 5.6 of the Agreement, accept the Agency Consideration, and otherwise take such other actions as may be required to effectuate the purposes of this Resolution.

Section 2. Delivery to the California Department of Finance. The Oversight Board hereby authorizes and directs the Secretary of the Oversight Board to electronically deliver a copy of this Resolution to the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

Section 3. Other Actions. The Oversight Board hereby authorizes and directs the Chairman, Vice Chairman and/or Secretary of the Oversight Board, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem

necessary or advisable in order to effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 4. Effect. This Resolution shall take effect upon approval, or deemed approval, of the California Department of Finance in accordance with California Health and Safety Code Section 34179(h).

PASSED, APPROVED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on _____, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By: _____,
Chairman Oversight Board of the Successor
Agency to the Community Redevelopment
Agency of the City of Compton

ATTEST:

Estevan Padilla, Secretary
Oversight Board of the Successor Agency to the
Community Redevelopment Agency of the
City of Compton

STATE OF CALIFORNIA)	SECRETARY'S CERTIFICATION RE: ADOPTION
COUNTY OF LOS ANGELES) ss	OF OVERSIGHT BOARD OF THE SUCCESSOR
CITY OF COMPTON)	AGENCY TO THE COMMUNITY
		REDEVELOPMENT AGENCY OF THE CITY OF
		COMPTON

I, Estevan Padilla, Secretary of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Compton, do hereby certify that the foregoing Resolution No. _____ was duly passed and adopted at a meeting of the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Compton on _____, 2015, by the following vote, to wit:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Estevan Padilla, Secretary Oversight Board of the Successor Agency to
the Community Redevelopment Agency of the City of Compton

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

That portion of Lots 4, 5, 10 and 11, Block 2 as shown on the Map of Wright's Addition to the Town of Compton, in the City of Compton, in the County of Los Angeles, State of California, as per Map recorded in Book 7, Page 55 of Maps, in the office of the County Recorder of said County, described as follows:

Commencing at the center line intersection of Palmer Street, 50 feet wide, with the center line intersection of Willowbrook Avenue, 35 feet wide; thence North $89^{\circ} 55' 20''$ East 330.05 feet along the center line of said Palmer Street; thence South $0^{\circ} 05' 15''$ East 25.00 feet to the Southerly right of way line of said Palmer Street and the true point of beginning; thence continuing South $0^{\circ} 05' 15''$ East 227.73 feet; thence North $89^{\circ} 54' 45''$ East 55.00 feet; thence North $0^{\circ} 05' 15''$ West 227.73 feet to said Southerly right of way line; thence South $89^{\circ} 55' 20''$ West 55.00 feet along said right of way line to the true point of beginning.

EXHIBIT "B"

LEGAL DESCRIPTION OF PROPERTY TO BE SUBJECT TO DEED OF TRUST IN FAVOR OF SUCCESSOR AGENCY

Parcel 1:

All of Lots 2 through 6, inclusive; and Lots 8 through 12, inclusive, in Block 1, and all of Lots 2 through 6, inclusive; and Lots 8 through 12, inclusive, in Block 2, and all of Lots 1 through 4, inclusive; and Lots 7 through 10, inclusive, in Block 3, as shown on the Map of Wright's Addition to the Town of Compton, as per Map recorded in Book 7, Page 55 of Miscellaneous Records, in the City of Compton, County of Los Angeles, State of California, in the office of the County Recorder of said County, and those portions of Lot 5 and Lot 11 in said Block 3, lying Westerly of the following described line:

Commencing at the intersection of the Northerly line of said Lot 11 with the Westerly line of the Easterly 71.00 feet, as measured at right angles from the Easterly line of said lot; thence South 7° 27' 23" East, parallel with and 71.00 feet Westerly of said Easterly line 221.41 feet to the beginning of a tangent curve concave Westerly with a central angle of 0° 58' 04" and a radius of 4960.00 feet; thence Southerly along said curve, an arc distance of 83.79 feet to the Northerly right of way of Compton Boulevard, 80.00 feet wide and the point of terminus.

And all of Lots 1, 2, 7 and 8 and the Westerly 50.00 feet of Lot 3, in Block 4, as shown on Map of Wright's Addition to the Town of Compton, in the City of Compton, County of Los Angeles, State of California, as per Map recorded in Book 7, Page 55 of Miscellaneous Records; and Block "N" of Tract No. 3765, excepting the Easterly 26 feet thereof, as recorded in Book 41, Pages 88 and 89 of Maps, in the office of the County Recorder of said County, together with those portions of Magnolia Street, Tamarind Avenue, that portion of Palmer Street, 50 feet wide, lying between the Northerly prolongation of the Westerly line of Lot 7, Block 4 of said Map of Wright's Addition to the Town of Compton, and the Northerly prolongation of the Westerly line of the Easterly 26.00 feet of Lot 7, Block "N" as shown on Tract No. 3765, vacated by the City of Compton, by Resolution No. 15525, recorded May 2, 1988, as Document No. 88-602989 of Official Records.

Together with that portion of Palmer Street formerly (Terebinth Street) shown on said Map of Wright's Addition to the Town of Compton, in said City and State described as follows:

Commencing at the intersection of the Southerly prolongation of the Easterly right of way line of Tamarind Avenue, 60 feet wide, with the Easterly prolongation of the Southerly right of way line of Palmer Street, 50 feet wide; thence South 89° 55' 20" West along the said Southerly line 159.21 feet to a tangent curve concave Northwesterly with a central angle of 30° 0' 00" and a radius of 125.00 feet; thence Northeasterly along said curve, an arc distance of 65.45 feet; thence North 59° 55' 20" East 55.45 feet to a curve concave Northwesterly with a central angle 7° 35' 49" and a radius of 75.00 feet; thence Northeasterly along said curve, an arc distance of 9.94 feet to a non tangent point from which a radial line bears South 37° 40' 29" East, said point being at the intersection of said curve with the Easterly prolongation of the Northerly right of way line of said Palmer Street; thence North 89° 55' 20" East along said prolongation 37.66 feet

to the said Southerly prolongation of Tamarind Avenue; thence South 3° 15' 00" East 50.08 feet along said Southerly prolongation to the point of beginning.

EXCEPT therefrom any portion thereof lying within the right of way of Compton Boulevard.

ALSO EXCEPT therefrom those portions of Lots 4, 5, 10 and 11, Block 2 of said Wright's Addition to the Town of Compton, described as follows:

Commencing at the center line intersection of Palmer Street, 50 feet wide, with the center line intersection of Willowbrook Avenue, 35 feet wide; thence North 89° 55' 20" East 330.05 feet along the center line of said Palmer Street; thence South 0° 05' 15" East 25.00 feet to the Southerly right of way line of said Palmer Street and the true point of beginning; thence continuing South 0° 05' 15" East 227.73 feet; thence North 89° 54' 45" East 55.00 feet; thence North 0° 05' 15" West 227.73 feet to said Southerly right of way line; thence South 89° 55' 20" West 55.00 feet along said right of way line to the true point of beginning.

ALSO EXCEPT therefrom that portion of said land described in document January 31, 1985, as Document No. 85-117826 of Official Records, all oil gas and other hydrocarbons substances in and under all of the above described real property, but without any right to penetrate, use or disturb said property within 500 feet of the surface thereof, as reserved by Brett Mitchell Inc., in deed recorded January 31, 1985, as Document No. 85-117826 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded February 10, 1989, as Document No. 89-231207 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening or any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project and shall not penetrate any part or portion of said Project Area within 500 feet of the surface thereof, as reserved by Ronald Barrett Bush, in deed recorded February 10, 1989, as Document No. 89231207 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded July 30, 1986, as Document No. 86-965183 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substance shall not be located within the Walnut Park Industrial Project, as recorded in the Official Records of Los Angeles County, State of California, and shall not penetrate any part of said Project Area within 500 feet of the surface thereof, as reserved by Charles Davis, an unmarried man, by deed recorded July 30, 1986, as Document No. 86-965183 of Official Records.

ALSO EXCEPT therefrom that portions of said land described in document recorded March 24, 1981, as Document No. 81-293290 of Official Records, all oil, gas, hydrocarbon substances and minerals of every kind and characters lying more than 500 feet, below the surface of said land, together with the right to drill into, through, and to use and occupy all parts of said land lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said land

or other lands, but without, however, any right to use either the surface of said land or any portion of said land within 500 feet of the surface for any purpose or purposes whatsoever, as reserved by William B. Phillips et al, in deed recorded March 24, 1981, as Document No. 81-293290 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded June 21, 1989, as Document No. 89-990515 of Official Records, all oil, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface of said land, together with the right to drill into, through, and to use and occupy all parts of said land lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or minerals from said lands but without, however the right to use either the surface of said land or any portion of said land within 500 feet of the surface for any purpose or purposes whatsoever, as reserved by Pacific Southwest Realty, a Delaware Corporation, in deed recorded June 21, 1989, as Document No. 89-990515 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded July 20, 1988, as Document No. 88-1143020 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project Area and shall not penetrate any part or portion of said Project Area within 500 feet of the surface thereof, in favor of Barnett Woods and Mary P. Woods, in Final Decree of Condemnation, recorded July 20, 1988, as Document No. 88-1143020 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded January 30, 1986, as Document No. 86-4995 of Official Records, all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface of said land, together with the right to drill into, through, and to use and occupy all parts of said land lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas, hydrocarbon substances or mineral from said land or other lands, but without, however, any right to use either the surface of said land or any portion of said land within 500 feet of the surface for any purpose whatsoever, as reserved by James Henderson, in deed recorded January 30, 1986, as Document No. 86-4995 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded November 13, 1956, as Document No. 1400 of Official Records, all oil, gas and other hydrocarbon substances and mineral rights in and under said land, but without the right to enter upon the surface of said land for any purpose or to prospect for developing and providing any of such substances, as reserved by County of Los Angeles, a body corporate and politic, in deed recorded November 13, 1956, as Document No. 1400 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded April 6, 1988, as Document No. 88-467793 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that surface opening of any well, hole, shaft or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project Area and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved by Greater Company Y.M.C.A., a California corporation, by Final Order of Condemnation, recorded April 6, 1988, as Document No. 88-467793 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded April 30, 1971, as Document No. 379 of Official Records, all minerals below 500 feet, as reserved by Albert L. Hermann, Melba E. Hermann and Helen C. Schroeder, as set forth in document recorded April 30, 1971, as Document No. 379 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded July 1, 1988, as Document No. 88-1048947 of Official Records, all oil, gas and mineral substances, together with the right for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reach or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project and shall not penetrate any part or portion of said Project Area within 500 feet of the surface thereof, as reserved by Thomas A. Scott and Deloris Scott, in Final Decree of Condemnation, recorded July 1, 1988, as Document No. 88-1048947 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded March 14, 1988, as Document No. 88-341736 of Official Records, all oil, gas and mineral substances together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project and shall not penetrate any part or portion of said Project area within 500 feet of the surface thereof, in favor of United Brotherhood of Carpenters and Joiners of America, in Final Decree of Condemnation, recorded March 14, 1988, as Document No. 88-341736 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded February 10, 1989, as Document No. 89-231206; and re-recorded June 30, 1989, as Document No. 891051606 both of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project and shall not penetrate any part or portion of said project area within 500 feet of the surface thereof, as reserved by the United Brotherhood of Carpenters and Joiners of America, in deed recorded February 10, 1989, as Document No. 89-231206; and re-recorded June 30, 1989, as Document No. 89-1051606 both of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded April 4, 1975, as Document No. 3934 of Official Records, all minerals and all oil, gas, and other hydrocarbon substances in and under said land below a depth of 500 feet, without the right of surface entry, as reserved by Atlantic Richfield Company, a corporation, in deed recorded April 4, 1975, as Document No. 3934 Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded July 20, 1988, as Document No. 88-1143020 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project Area and shall not penetrate any part or portion of said Project Area within 500 feet of the surface thereof, in favor of Barnett Woods and Mary P. Woods, in Final Decree of Condemnation,

recorded July 20, 1988, as Document No. 88-1143020 Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded January 31, 1985, as Document No. 85-117827 of Official Records all oil, gas and other hydrocarbon substances in and under said land but without any right to penetrate, use or disturb said property within 500 feet of the surface thereof, as reserved by Brett Mitchell, Inc., a corporation, by deed recorded January 31, 1985, as Document No. 84-117827 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded July 17, 1981, as Document No. 81-712933 of Official Records, all oil, gas, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface of said land, together with the right to drill into, through, and to use and occupy all parts of said land lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas hydrocarbon substances or minerals from said land or other lands, but without, however any right to use either the surface of said land or any portion of said land within 500 feet of the surface for any purpose or purposes whatsoever, as reserved by Greater Company Y.M.C.A., a corporation, in deed recorded July 17, 1981, as Document No. 81-712933 Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded June 21, 1989, as Document No. 89-990517 of Official Records, all oil, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface of said land, together with the right to drill into, through, and to use and occupy all parts of said land lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas hydrocarbon substances or minerals from said land or other lands, but without, however any right to use either the surface of said land or any portion of said land within 500 feet of the surface for any purpose or purposes whatsoever, as reserved by Paraskevas Karpouzis, an unmarried man, in deed recorded June 21, 1989, as Document No. 89990517 of Official Records.

ALSO EXCEPT therefrom that portion described in document recorded June 21, 1989, as Document No. 89-990516 of Official Records, all oil, hydrocarbon substances and minerals of every kind and character lying more than 500 feet below the surface of said land, together with the right to drill into, through, and to use and occupy all parts of said land lying more than 500 feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil, gas hydrocarbon substances or minerals from said land, but without, however any right to use either the surface of said land or any portion of said land within 500 feet of the surface for any purpose or purposes whatsoever, as reserved by Darryl J. Tillman, in deed recorded June 21, 1989, as Document No. 89-990516 of Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded March 20, 1990, as Document No. 90-548057 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, hole, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project Area and shall not penetrate any part or portion of said Project Area within 500 feet of the surface thereof, as reserved by David A. Hall and Betty L. Hall, husband and wife as joint tenants, by Final Decree of Condemnation, recorded March 20, 1990, as Document No. 90-548057 of

Official Records.

ALSO EXCEPT therefrom that portion of said land described in document recorded April 3, 1990, as Document No. 90-639630 of Official Records, all oil, gas and mineral substances, together with the right to explore for and extract such substances, provided that the surface opening of any well, shaft, or other means of exploring for, reaching or extracting such substances shall not be located within the Walnut Industrial Park Redevelopment Project Area and shall not penetrate any part or portion of said Project Area within 500 feet of the surface thereof, as reserved by Betty K. Murphy, an unmarried woman, by Final Decree of Condemnation, recorded April 3, 1990, as Document No. 90-639630 of Official Records.

Parcel 2:

The reciprocal and non exclusive rights, easements and privileges, of use, ingress, egress, parking and for utility and other purposes created and granted as an appurtenance to Parcel 1 described above, in and by that certain Reciprocal Easement and Operation Agreement, dated May 11, 1990, by and between Compton Commercial Development Renaissance Plaza Company, a California general partnership and K Mart Corporation, a Michigan corporation, recorded May 16, 1990, as Document No. 90-889258 of Official Records; as modified by that Certain Amendment of Reciprocal Easement and Operation Agreement, dated September 10, 1993, by and among K Mart Corporation, Trustor and Vons Companies, Inc., recorded on November 1, 1993, as Document No. 93-2122716 of Official Records, in, on, over, upon and under certain adjoining real property therein more particularly described, together with all of the rights, powers, privileges and benefits under the Declaration accruing to the owner of said Parcel 1, its successors, legal representatives and assigns.

Parcel 3:

That portion of Lots 4, 5, 10 and 11, Block 2 as shown on the Map of Wright's Addition to the Town of Compton, in the City of Compton, in the County of Los Angeles, State of California, as per Map recorded in Book 7, Page 55 of Maps, in the office of the County Recorder of said County, described as follows:

Commencing at the center line intersection of Palmer Street, 50 feet wide, with the center line intersection of Willowbrook Avenue, 35 feet wide; thence North 89° 55' 20" East 330.05 feet along the center line of said Palmer Street; thence South 0° 05' 15" East 25.00 feet to the Southerly right of way line of said Palmer Street and the true point of beginning; thence continuing South 0° 05' 15" East 227.73 feet; thence North 89° 54' 45" East 55.00 feet; thence North 0° 05' 15" West 227.73 feet to said Southerly right of way line; thence South 89° 55' 20" West 55.00 feet along said right of way line to the true point of beginning.